

RESEARCHUPDATE

BUTLER CENTER FOR RESEARCH SEPTEMBER 1998

The Treatment Investment: Stemming the Cost of Addiction

What Are the Issues?

The cost of alcohol and drug problems is high. But the cost of treatment can be high too. Is treatment a good investment?

The costs of addiction and benefits of treatment are evident in objective and subjective terms. Objectively, after treatment expenses related to health, employment, financial stability, and legal involvement are reduced. Subjectively, costs and savings can be inferred from a person's and family's well-being.

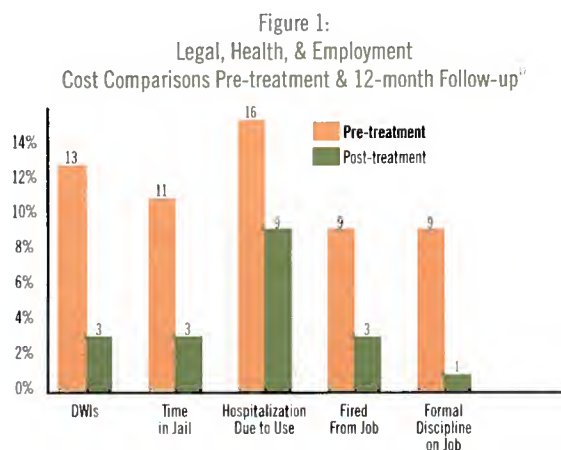
What Does the Research Show?

THE COST OF ADDICTION

The cost of alcohol and drug problems in health and health care is evident in illnesses, trauma, and early death of alcoholics and addicts. For example, Adams and her colleagues, in an article published in the *Journal of the American Medical Association*¹, showed that elderly people are hospitalized for alcohol-related problems at the same rate as for myocardial infarction, at considerable cost to Medicare. A study by the Children of Alcoholics Foundation² found that children of alcoholics are hospitalized more often and stay longer than other children. A report from the National Institute on Alcohol Abuse and Alcoholism³ showed that 20% of the total national health expenditure for hospital care is spent on alcohol-related illness.

Alcohol and other drug abuse results in other costs. Costs to employers occur in the form of absenteeism, lowered productivity, and on-the-job accidents. Bernstein and Mahoney⁴ found that as many as 47% of industrial injuries and 40% of industrial fatalities can be linked to alcohol consumption and alcoholism.

Costs to society in terms of crime are equally high. The Institute for Health Policy study⁵ found that in 1990 over one million arrests were made for drug offenses and over three million for alcohol offenses. Alcohol and drug use figures in crime ranging from driving under the influence to crimes against property to homicide.



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Research Update is published by the Butler Center for Research to share significant scientific findings from the field of addiction treatment research.

THE HAZELDEN EXPERIENCE

One year after treatment, in addition to reductions in substance use, Hazelden patients experience significant reductions in employment problems (being fired, accidents on the job, formal discipline); health problems (hospitalizations due to use, emergency room visits); and legal problems (DWI/DUIs; days in jail, arrests for possession, any crime while using).¹³ See Figure 1.

CONTROVERSIES & QUESTIONS

Controversy: *Isn't it too expensive to consider treating everyone who is dependent on alcohol or other drugs?*

Response: Studies of the cost of treatment indicate that not treating those with alcohol and other drug problems is far more expensive than providing treatment. Not every alcohol or drug dependent person will want or need a formal treatment program. And, not everyone who is treated will enter into recovery. But studies repeatedly show that, overall, providing treatment saves money for communities, employers, and families.

Controversy: *Viewing treatment in terms of dollars saved is cold-hearted.*

Response: Recovery from alcohol and drug dependency is far more than dollars and cents. But funders and policy makers need to look beyond individual stories of transformation to determine whether providing treatment is a good use of resources.

HOW TO USE THIS INFORMATION

Information about the cost-effectiveness of providing substance abuse treatment can be used in every aspect of society to reduce costs:

- **Healthcare funders:** Providing substance abuse treatment markedly reduces future healthcare costs. Treatment benefits should be part of healthcare benefit plans.
- **Employers:** In light of the savings demonstrated in the Chevron and McDonnell Douglas Corporation studies^{10,11} employers can increase their productivity and reduce their healthcare costs by providing substance abuse treatment.
- **Federal, state, and local governments:** California¹, Oregon², and Minnesota³ have conducted large scale studies of their residents who received treatment and found significantly reduced

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Alcohol and drug dependency exact an emotional price as well: families suffering the loss of a healthy, productive loved one; employers losing the full potential of an employee; and society losing a part of its future through the loss of the creativity, energy, and contributions of any one of its citizens.

THE TREATMENT INVESTMENT

A report by the California Department of Alcohol and Drug Programs (CALDATA)⁷ showed that each dollar spent on alcohol and drug abuse treatment saved \$7 in crime and health care cost reductions. California spent \$209 million for treatment and saved an estimated \$1.5 billion. Finigan⁸ found that treatment completers in Oregon had significantly fewer arrests, fewer incarcerations, used food stamps and child welfare less, received 65% higher wages, and had substantially lower medical expenses compared with a control group. These factors translated into a savings for Oregon's taxpayers: every tax dollar spent on treatment produced \$5.60 in avoided costs.

A Minnesota study⁹ found that treatment resulted in a 67% reduction in cost to the state through utilization decreases in the health care and criminal justice systems. In a study of whether mandatory sentencing is cost-effective in reducing cocaine use, the Rand¹⁰ Drug Policy Research Center showed that treatment reduced drug consumption more than enforcement under any sentencing regime, and was more effective in reducing cocaine-related crime. For example, the researchers concluded that spending a million dollars to put heavy users through treatment reduces overall societal drug consumption more than using standard law enforcement approaches.

In terms of workplace cost, C. R. Cummings¹¹ testified before the U.S. House of Representatives that Chevron retained many productive employees after those employees received help for substance abuse. Two-thirds of those employees who entered Chevron's EAP program abusing drugs and three-fourths of those with alcohol problems were retained. Chevron also found that, after treatment, these employees' accident rates were reduced to the same low level as the normal employee population's and concluded that they saved almost \$10 for every dollar spent on employee rehabilitation.

A study by the McDonnell Douglas Corporation¹² documented a reduction in absenteeism and medical claims. And, medical costs for dependents of employees, who are required by McDonnell Douglas to participate in the treatment process, were substantially lower than those of dependents who were not involved in the EAP program.

Health care cost reductions resulting from treatment are in evidence by studies such as McLellan et al.¹³ who found a reduction in public health risk behaviors and AIDS virus infection in subjects who remained in a treatment program. Hoffman¹⁴ found that treated patients' use of medical care decreased by 61% in the first year after treatment and 57% in the second year. Bullock et al.¹⁵ looked at mortality rates and found that abstinent alcoholic men have the same mortality rate as nonalcoholic men; but relapsed alcoholics die at a rate 4.96 times that of a matched representative sample.

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The Butler Center for Research informs and improves recovery services and produces research that benefits the field of addiction treatment. We are dedicated to conducting clinical research, collaborating with external researchers, and communicating scientific findings.

Patricia Owen, Ph.D., Director

If you have questions, or would like to request copies of Research Update, please call 800-257-7800 ext. 4405, email butlerresearch@hazelden.org, or write BC 4, P.O. Box 11, Center City, MN 55012-0011.



HOW TO USE THIS INFORMATION

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expenses, largely in crime and healthcare. Treatment should be part of any public healthcare provisions.

- **Criminal justice:** Treatment reduces criminal activities associated with alcohol and other drug use. Providing substance abuse treatment reduces costs.
- **Policy makers:** Treatment is effective. Making a full range of treatment services¹⁶ accessible and affordable would decrease the cost of addiction to society.

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